SPECTRUM

The Complete Treasury System

Release Notes

Version 9.07.1

November 17, 1999

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INTRODUCTION

Financial Software Systems Inc., is providing these Release Notes to assist users in identifying changes to Spectrum and understanding how these changes will affect their use of Spectrum.

This document lists and describes all enhancements made to version 9.07.1 of Spectrum. These changes and enhancements will improve functionality and usability of the system.

The Release Notes are organized as follows:

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These Release Notes include a description of the change/enhancement, lists the menu path where the change is located, and provides the Filename(s)/Executable(s), if applicable.

Please direct any questions regarding these notes or requests for additional notes to Jeremy Bach at (215) 784-1100.

AT-A-GLANCE OVERVIEW

The following is a brief list of the changes/enhancements that are covered in more detail later in this document:

1. Counterparty Definition	Several enhancements were made to Spectrum to allow users to configure Spectrum functionality on a counterparty by counterparty basis.
2. Vostro Accounting	Two (2) enhancements were made: • The ability to create vostro accounts “on-the-fly” has been added to trade entry. • Users may configure the default behavior of automatic vostro instruction attachment.
3. Accounting	The following enhancements were made: • The accounting module can calculate and post base currency equivalent foreign currency cash flow events. • Improved Handling of Partially Exercised Options.
4. Exporter	The following enhancements were made to the Export module: • Enforces data integrity. • Supports the truncating flag on currency definition. • New tokens have been added to the Payment Export.
5. Nostro Reports	The nostro reports were modified to exclude trades that are considered offsetting position trades on Corporate Time Option Drawdowns.
6. Daily Transaction Report	The sorting order of Spot/Forward transactions was modified to sort by transaction number across all sub-types.
7. Time-to-Date Report for IR Futures and IR Options	A new variation of the TTD IR Futures and Options report was added. This variation displays all report values in base currency equivalent.
8. FX Trade Blotter	Enhancements were made to the FX Trade Blotter to further refine this module as a useful trading tool.
9. Trade Cancellation	The Trade Cancellation module was updated to prevent users from either canceling or re-activating Corporate Time Option Draw Down trades from within the trade cancellation module.
10. Trade Importer	The trade importer was updated to support the import of FX OTC and FX Barrier trades that are entered via the current version of the Fenics system.
11. System Administration	Two (2) one-time scripts – ACTIVE/CLOSED and default settings have been added.

CHANGES - VERSION 9.07.1

The 9.07.1 version of Spectrum contains the following enhancements:

1. Counterparty Definition

(FO/BO: System Definitions | Define Counterparties)

Several enhancements were made to Spectrum to allow users to configure Spectrum functionality on a counterparty by counterparty basis. Most of these enhancements are centered around the Counterparty Definition editor where more fields have been added to capture additional information pertaining to counterparties. As a result the display of the editor has been reorganized. The existing tabs have been expanded to include new sections:

- Suspend Payments

  A new field was added to the Counterparty Definition editor that allows users to specify whether or not they will process payments through Spectrum for given counterparties. The field *Suspend Payments* can be set to Yes or No. If Suspend Payments is set to Yes, payments for that counterparty, both incoming and outgoing, will not be available in the Payments module for processing. If Suspend Payments is set to No, all payments for that counterparty will be available in the payments module for processing.

- Allow Transactions

  The status of the *Allow Transactions* field determines whether or not a trade can be entered against that counterparty. If Allow Transactions = Yes, trades can be entered. If Allow Transactions = No, trades cannot be entered.

- Trading Authorization

  The Trading Authorization functionality in Spectrum is designed to enable users to set and enforce trading restrictions on a counterparty by counterparty basis. Specifically, users can specify the instruments and currencies against which trades can be entered for a given counterparty. This functionality is turned on by setting the System Configuration Setting TRADAUTH to Yes. When TRADAUTH is turned on an additional section is available within the Counterparty Definition that allows users to define the instruments and currencies in which trades can be entered against that counterparty. Currently this functionality is only supported for the following instrument types:

  ⇒ **FX Spots and Forwards**

  ⇒ **FX OTC Options**

  ⇒ **FX Exotic Options**

- Confirmations and Statements

  Users can define multiple addresses per confirmation method. Users can also define reporting methods and frequencies for individual counterparties. Current available methods are Email, Mail, and Fax. Current frequencies are Daily and Monthly. The defined selections are saved against the counterparty but are not used by Spectrum reporting. This data is available to external reporting tools and interfaces. See the ***Spectrum Transaction Processing User Manual***.

- Relationship

  A new field has been added to the Counterparty Definition screen. This field enables users to link counterparties to define relationships between the counterparties.

Filename(s)/Executable(s): *SYCNTR, PAYMNT, ALL ENTRY MODULES*

2. Vostro Accounting

(**BO: Transaction Processing | Vostro Accounts)**

Vostro Accounting has been enhanced in two (2) ways: (1) The ability to create vostro accounts "on-the-fly" has been added to trade entry, and (2) Users may configure the default behavior of automatic vostro instruction attachment.

- **Auto Account Creation**

  Spectrum has the functionality to create vostro accounts "on-the-fly" at trade entry. Users may configure the Vostro Configuration Setting "Auto Account Create" to enable Spectrum to automatically create vostro accounts "on-the-fly" when a trade is entered. Vostro accounts are only created on-the-fly if the following requirements are met:

  ⇒ The counterparty has the *Delivery* field set to No in Counterparty Definitions.

  ⇒ The counterparty *Type* field is set to Customer in Counterparty Definitions.

  ⇒ The vostro setting Auto Account Create is set to Yes.

  ⇒ The counterparty does not have an existing vostro account for the currency being traded.

- **Auto Account Attachment**

  Users may configure the method by which Spectrum will attach default vostro instructions to trades at trade entry or verification. Previously Spectrum only defaulted vostro instructions to cash flows that were non-base cash flows coming into the clients vostro account. For any other flows users had to attach vostro instructions manually. With the addition of this setting users can configure the default behavior of vostro instruction attachment based on the following choices:

  ⇒ Incoming Foreign

  ⇒ Incoming and Outgoing Foreign

  ⇒ Incoming and Outgoing All

  NOTE: The direction of the cash flow is from the perspective of the vostro account.

Filename(s)/Executable(s): *FXSFENT, FXSWENT, FXCRPENT, FXEXPENT, FXVERIFY, VSETTING*

3. Accounting

(BO: Transaction Processing | Accounting)

Two (2) enhancements were made to the accounting module:

- Calculating and Posting of Base Currency Equivalent Foreign Currency Cash Flow Events

  The accounting module was modified to calculate and post precise base currency equivalent amounts on foreign currency cash flow events. This change affects trades in which base currency is included in the traded currency pair.

- Improved Handling of Partially Exercised Options

  FX OTC Options and IR Options – changes were made to enable users to configure specific accounting treatments for "original" and "residual" options transactions. An "original" option transaction in Spectrum is the trade record that is created through the option trade entry module. A "residual" option transaction is created through the option exerciser as the result of a partially exercised option. To facilitate this change, the OTC and IR option exercisers were modified to mark "residual" options trades. In addition the Verifier was updated to apply option premiums based on the "original" or "residual" status of an Options trade. The accounting module was further modifed to provide data attributes for "original" and "residual" option types on both the event definition and account assignment levels.

Filename(s)/Executable(s): ACCTGEN, ACCTASGN, FXOPTEXP, IXOPTEXP, FXOPENER, FXVERIFY

4. Exporter

(BO: File Transfer)

Four (4) enhancements have been made to the exporter:

- To prevent simultaneous exporting of records by multiple users, an enhancement has been made that directs the exporter to save exported records to a user-defined temporary directory within the fssdownload folder before writing the records to the database. Only after the exported records are successfully written to the temporary file are the records assigned the status of "Exported" and the records in the temporary file are written to the database. If the export fails for any reason, the user can correct the problem and resend the export while ensuring the integrity of the database. After the last record is marked as Exported in the database, the records in the temporary folder are moved to the fssdownload directory. A new flag (called Execution Status) in the Export Generation module indicates when an export is running. When the export is not running, the field displays, "`Not Running`".

- Export definitions that were created before this software release (i.e., before the Execution Status field existed on the Export Definition screen, must be resaved with the new functionality by selecting the definition, pressing **Enter** to select it, and selecting **F10** to save it.

- Truncating Flag Support

  The Exporter was enhanced to support the truncating flag on currency definition. This change affects currency amount fields where the decimal place is derived from the currency definition. For example, if the JPY currency definition is set-up to truncate an amount at zero decimals, JPY amounts will be exported with no characters after the decimal place.

- New tokens have been added to the Payment Export

  ⇒ **Nostro Bank Name**

  ⇒ **Nostro Account Number**

  ⇒ **Correspondent Bank Name**

- ⇒ **Correspondent Address Line 1**
- ⇒ **Correspondent Address Line 2**
- ⇒ **Correspondent Address Line 3**
- ⇒ **Beneficiary Bank Name**
- ⇒ **Beneficiary Bank Address Line 1**
- ⇒ **Beneficiary Bank Address Line 2**
- ⇒ **Beneficiary Bank Address Line 3**
- ⇒ **Beneficiary Name**
- ⇒ **Beneficiary Address Line 1**
- ⇒ **Beneficiary Address Line 2**
- ⇒ **Beneficiary Address Line 3**
- ⇒ **Payment Details Line 1**
- ⇒ **Payment Details Line 2**
- ⇒ **Payment Details Line 3**
- ⇒ **Payment Details Line 4**
- ⇒ **Special Instructions Line 1**
- ⇒ **Special Instructions Line 2**
- ⇒ **Special Instructions Line 3**
- ⇒ **Special Instructions Line 4**
- ⇒ **Special Instructions Line 5**
- ⇒ **Special Instructions Line 6**
- ⇒ **Record Number.**

Filename(s)/Executable(s): EXPORTER, EXPRTER, EXPDRIVE

5. Nostro Reports

(BO: Report Production | Report Menu)

The nostro reports were modified to exclude trades that are considered offsetting position trades on Corporate Time Option Drawdowns.

Filename(s)/Executable(s): FBREP04, FBREP05, FBREP07, FBREP11

6. Daily Transaction Report

(FO/BO: Report Production | Report Menu | Daily Transaction)

The sorting order of Spot/Forward transactions was modified to sort by transaction number across all sub-types. Previously, this report sorted by transaction number within individual sub-types. As a result spot trades were sorted separately from swaps.

Filename(s)/Executable(s): FXREP40

7. Time-to-Date Report for IR Futures and IR Options

(BO: Report Production | Report Menu | Reports #150 & 151)

A new variation of the TTD IR Futures and Options Report was added. This variation displays all report values in base currency equivalent. In order to accommodate these reports, the following changes were made to the report menu:

The existing IR Futures and Options TTD reports were moved to the following positions on the Front-Office report menu:

189. IR FUTURES/OPTIONS TTD DETAIL

190. IR FUTURES/OPTIONS TTD SUMMARY

The new reports were added to the Front-Office and Back-Office report menu's as follows:

⇒ **Front-Office:**

191. IR FUT/OPT TTD DETAIL BASE CUR

192. IR FUT/OPT/ TTD SUMMARY BASE CUR

⇒ **Back-Office:**

152. IR FUT/OPT TTD DETAIL BASE CUR

153. IR FUT/OPT TTD SUMMARY BASE CUR

Filename(s)/Executable(s): FOPNLREP

8. FX Trade Blotter

(**FO/BO: Portfolio Analysis | FX Trade Blotter)**

Enhancments were made to the FX Trade Blotter to further refine this module as a useful trading tool. The FX Trade Blotter provides users with an easy to use interface that enables traders to "claim" trades that have been brought into Spectrum via an electronic feed such as EBS or Reuters. The "claiming" process may involve updating the trade with a specific trader, portfolio or purpose code. The enhancements made in this version enable traders to predefine a fixed set of trade filters for trader, portfolio and purpose and to apply those filters to a trade with a single key stroke. In addition they can immediately verify that the trade is included in their position.

Filename(s)/Executable(s): FXTRDBLT

9. Trade Cancellation

(FO: Transaction Accounting | Amend or Cancel Transactions)

The Trade Cancellation module was updated to prevent users from either canceling or re-activating Corporate Time Option Draw Down trades from within the trade cancellation module. This added control is necessary to enforce the relationship of data between the original Corporate Time Option and any associated Draw Down trades.

Filename(s)/Executable(s): FXCANCEL

10. Trade Importer

(**BO: Transaction Processing | Transaction Import)**

The trade importer was updated to support the import of FX OTC and FX Barrier trades that are entered via the current version of the Fenics system.

Filename(s)/Executable(s): FXTRDIMP

SYSTEM ADMINISTRATION CHANGES - VERSION 9.07.1

1. Release 9.07.1 includes changes to the Spectrum data model as well as Spectrum libraries. In addition, new system settings have been added. Therefore, to use this release, any and all existing Spectrum databases must be upgraded using Spectrum.sql v9.07.1.

2. As a result of the changes implemented to trap deadlocking conditions, a bug in Microsoft SQL server version 6.5 was detected. For systems implemented using Microsoft SQL Server 6.5, it is required that service pack 5 be applied before installing Spectrum version 9.07.1.

3. Two (2) one-time scripts – ACTIVE/CLOSED and default settings must be executed. The two (2) script files are:
   - FXCNTR_defaults.sql - This script updates FXCNTR and FXCNTR_PEND for new columns rel:09.07.00. It should be run only for 1st upgrade from 8.10 version.
   - FXCNTR_active.sql - This script updates FXCNTR and FXCNTR_PEND and sets all account as ACTIVE ('A') it should be run only for 1st upgrade from 8.10 version

   These files are located in release-9.07.1/install/scripts

   To execute the two (2) script files, do the following:

   1. Open a UNIX session
   2. Navigate to the above-mentioned directory
   3. Type in the following commands:

      ```
      cat FXCNTR_defaults.sql | sed "s/TARGET_dbnam/<database name>/g" |
      isql -Ux -Py –Sz

      cat FXCNTR_active.sql | sed "s/TARGET_dbnam/<database name>/g" | isql
      -Ux -Py –Sz
      ```

      Where:

      `TARGET_dbnam` = Variable declared in SQL file (Do Not Change)
      `x` = user name
      `y` = user name password
      `z` = server name